

**UNITED STATES BANKRUPTCY COURT
CENTRAL DISTRICT OF CALIFORNIA
Los Angeles DIVISION**

In re: KAI INDUSTRIES, LLC

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Case No. 2:18-bk-11152-SK

Debtor(s)

**CHAPTER 7 TRUSTEE'S FINAL ACCOUNT AND DISTRIBUTION
REPORT CERTIFICATION THAT THE ESTATE HAS BEEN FULLY
ADMINISTERED AND APPLICATION TO BE DISCHARGED (TDR)**

Heide Kurtz, chapter 7 trustee, submits this Final Account, Certification that the Estate has been Fully Administered and Application to be Discharged.

1) All funds on hand have been distributed in accordance with the Trustee's Final Report and, if applicable, any order of the Court modifying the Final Report. The case is fully administered and all assets and funds which have come under the trustee's control in this case have been properly accounted for as provided by law. The trustee hereby requests to be discharged from further duties as a trustee.

2) A summary of assets abandoned, assets exempt, total distributions to claimants, claims discharged without payment, and expenses of administration is provided below:

Assets Abandoned: \$0.00
(without deducting any secured claims)

Assets Exempt: N/A

Total Distributions to Claimants: \$756,727.02

Claims Discharged
Without Payment: N/A

Total Expenses of Administration: \$283,915.75

3) Total gross receipts of \$1,040,642.77 (see **Exhibit 1**), minus funds paid to the debtor and third parties of \$0.00 (see **Exhibit 2**), yielded net receipts of \$1,040,642.77 from the liquidation of the property of the estate, which was distributed as follows:

	CLAIMS SCHEDULED	CLAIMS ASSERTED	CLAIMS ALLOWED	CLAIMS PAID
SECURED CLAIMS (from Exhibit 3)	\$4,300,000.00	\$4,149,386.11	\$0.00	\$0.00
PRIORITY CLAIMS:				
CHAPTER 7 ADMIN. FEES AND CHARGES (from Exhibit 4)	\$0.00	\$113,293.62	\$112,643.62	\$112,643.62
PRIOR CHAPTER ADMIN. FEES AND CHARGES (from Exhibit 5)	\$0.00	\$191,242.13	\$188,272.13	\$171,272.13
PRIORITY UNSECURED CLAIMS (from Exhibit 6)	\$0.00	\$6,335.66	\$6,335.66	\$6,335.66
GENERAL UNSECURED CLAIMS (from Exhibit 7)	\$770,000.00	\$10,326,161.56	\$4,065,166.16	\$750,391.36
TOTAL DISBURSEMENTS	\$5,070,000.00	\$14,786,419.08	\$4,372,417.57	\$1,040,642.77

4) This case was originally filed under chapter 11 on 02/01/2018, and it was converted to chapter 7 on 01/17/2019. The case was pending for 13 months.

5) All estate bank statements, deposit slips, and canceled checks have been submitted to the United States Trustee.

6) An individual estate property record and report showing the final accounting of the assets of the estate is attached as **Exhibit 8**. The cash receipts and disbursements records for each estate bank account, showing the final accounting of the receipts and disbursements of estate funds is attached as **Exhibit 9**.

Pursuant to Fed R Bank P 5009, I hereby certify, under penalty of perjury, that the foregoing report is true and correct.

Dated: 02/19/2020

By: /s/ Heide Kurtz
Trustee

STATEMENT This Uniform Form is associated with an open bankruptcy case, therefore, Paperwork Reduction Act exemption 5 C.F.R. § 1320.4(a)(2) applies.

**EXHIBITS TO
FINAL ACCOUNT**

EXHIBIT 1 – GROSS RECEIPTS

DESCRIPTION	UNIFORM TRAN. CODE ¹	\$ AMOUNT RECEIVED
Turnover of Chapter 11 Bank Account	1129-000	\$1,040,642.77
TOTAL GROSS RECEIPTS		\$1,040,642.77
¹ The Uniform Transaction Code is an accounting code assigned by the trustee for statistical reporting purposes.		

EXHIBIT 2 – FUNDS PAID TO DEBTOR & THIRD PARTIES

PAYEE	DESCRIPTION	UNIFORM TRAN. CODE	\$ AMOUNT PAID
	None		

EXHIBIT 3 - SECURED CLAIMS

Claim NO.	CLAIMANT	UNIFORM TRAN. CODE	CLAIMS SCHEDULED (from Form 6D)	CLAIMS ASSERTED	CLAIMS ALLOWED	CLAIMS PAID
1	LOS ANGELES COUNTY TREASURER AND TAX COLLECTOR	4110-000	NA	\$80,116.09	\$0.00	\$0.00
8	JFL Construction Technology, Inc.	4110-000	\$3,700,000.00	\$4,069,270.02	\$0.00	\$0.00
20S	Kevin Korm(Juva Investment LLC)	4110-000	\$600,000.00	\$0.00	\$0.00	\$0.00
	TOTAL SECURED		\$4,300,000.00	\$4,149,386.11	\$0.00	\$0.00

EXHIBIT 4 – CHAPTER 7 ADMINISTRATIVE FEES and CHARGES

PAYEE	UNIFORM TRAN. CODE	CLAIMS SCHEDULED	CLAIMS ASSERTED	CLAIMS ALLOWED	CLAIMS PAID
Trustee, Fees - HEIDE KURTZ, TRUSTEE	2100-000	NA	\$54,469.28	\$54,469.28	\$54,469.28
Trustee, Expenses - Heide Kurtz	2200-000	NA	\$133.78	\$133.78	\$133.78
Fees, United States Trustee	2950-000	NA	\$650.00	\$0.00	\$0.00
Fees, United States Trustee	2950-000	NA	\$650.00	\$650.00	\$650.00
Bond Payments - BOND	2300-000	NA	\$700.08	\$700.08	\$700.08
Other State or Local Taxes (post- petition) - Franchise Tax Board	2820-000	NA	\$800.00	\$800.00	\$800.00
Attorney for Trustee Fees (Other Firm) - LEVENE NEALE BENDER YOO & BRILL	3210-000	NA	\$41,613.50	\$41,613.50	\$41,613.50
Attorney for Trustee Expenses (Other Firm) - LEVENE NEALE BENDER YOO & BRILL	3220-000	NA	\$1,543.78	\$1,543.78	\$1,543.78
Accountant for Trustee Fees (Other Firm) - HAHN FIFE & COMPANY, LLP	3410-000	NA	\$12,390.00	\$12,390.00	\$12,390.00
Accountant for Trustee Expenses (Other Firm) - HAHN FIFE & COMPANY, LLP	3420-000	NA	\$343.20	\$343.20	\$343.20
TOTAL CHAPTER 7 ADMIN. FEES AND CHARGES		NA	\$113,293.62	\$112,643.62	\$112,643.62

EXHIBIT 5 – PRIOR CHAPTER ADMINISTRATIVE FEES and CHARGES

PAYEE	UNIFORM TRAN. CODE	CLAIMS SCHEDULED	CLAIMS ASSERTED	CLAIMS ALLOWED	CLAIMS PAID
Prior Chapter Accountant for Trustee/DIP Expenses (Other Firm) - HAHN FIFE & COMPANY, LLP	6420-000	NA	\$47.60	\$47.60	\$47.60
Prior Chapter Accountant for Trustee/DIP Fees (Other Firm) - HAHN FIFE & COMPANY, LLP	6410-000	NA	\$18,564.00	\$18,564.00	\$18,564.00
Prior Chapter Attorney for Trustee/DIP Expenses (Other Firm) - LEVENE NEALE BENDER YOO & BRILL	6220-000	NA	\$797.28	\$797.28	\$797.28
Prior Chapter Attorney for Trustee/DIP Fees (Other Firm) - LEVENE NEALE BENDER YOO & BRILL	6210-000	NA	\$48,840.00	\$48,840.00	\$48,840.00
Attorney for D-I-P Expenses - Louis J. Esbin	6220-170	NA	\$3,797.25	\$3,797.25	\$3,797.25
Attorney for D-I-P Fees - Louis J. Esbin	6210-160	NA	\$119,196.00	\$116,226.00	\$99,226.00
TOTAL PRIOR CHAPTER ADMIN. FEES AND CHARGES		\$0.00	\$191,242.13	\$188,272.13	\$171,272.13

EXHIBIT 6 – PRIORITY UNSECURED CLAIMS

CLAIM NO.	CLAIMANT	UNIFORM TRAN. CODE	CLAIMS SCHEDULED (from Form 6E)	CLAIMS ASSERTED (from Proofs of Claim)	CLAIMS ALLOWED	CLAIMS PAID
2P	INTERNAL REVENUE SERVICE	5800-000	NA	\$1,157.45	\$1,157.45	\$1,157.45
3P	FRANCHISE TAX BOARD	5800-000	NA	\$5,178.21	\$5,178.21	\$5,178.21
TOTAL PRIORITY UNSECURED CLAIMS			\$0.00	\$6,335.66	\$6,335.66	\$6,335.66

EXHIBIT 7 – GENERAL UNSECURED CLAIMS

CLAIM NO.	CLAIMANT	UNIFORM TRAN. CODE	CLAIMS SCHEDULED (from Form 6F)	CLAIMS ASSERTED (from Proofs of Claim)	CLAIMS ALLOWED	CLAIMS PAID
2U	INTERNAL REVENUE SERVICE	7100-000	NA	\$23,197.58	\$23,197.58	\$4,282.05
3U	FRANCHISE TAX BOARD	7100-000	NA	\$1,758.98	\$1,758.98	\$324.69
4	Leang Im Var	7100-000	\$150,000.00	\$150,000.00	\$0.00	\$0.00
5	Sokundara Hov	7100-000	\$60,000.00	\$60,000.00	\$0.00	\$0.00
6	Leap Kim	7100-000	\$200,000.00	\$200,000.00	\$0.00	\$0.00
7	Vanna Chan	7100-000	\$250,000.00	\$250,000.00	\$0.00	\$0.00
9	Sam S. Leslie, as trustee for Vanessa Ly c/o Dumas & Kim, APC.	7100-000	NA	\$4,733,905.00	\$2,982,209.60	\$550,487.79
10	Minzhi Li and Ketty Choui	7100-000	\$60,000.00	\$60,000.00	\$60,000.00	\$11,075.43
11	Landry Ko	7100-000	NA	\$2,760,000.00	\$0.00	\$0.00
12	Kang Chu Jeu	7100-000	NA	\$66,000.00	\$66,000.00	\$12,182.98
13	888 Exotic Car Inc & Top Credit Corp	7100-000	NA	\$900,000.00	\$900,000.00	\$166,131.52
14	Rene Zavala	7100-000	NA	\$32,000.00	\$32,000.00	\$5,906.90
15	Victor Hutado	7100-000	NA	\$30,000.00	\$0.00	\$0.00
16	Brand Lin	7100-000	\$50,000.00	\$150,000.00	\$0.00	\$0.00
17	Lily Chea	7100-000	NA	\$30,000.00	\$0.00	\$0.00
18	Cambodia America Rescue Organization Thay Hourly	7100-000	NA	\$250,000.00	\$0.00	\$0.00

19	Ly Family Inc Thay Hour Ly	7100-000	NA	\$29,300.00	\$0.00	\$0.00
20U	Kevin Korm(Juva Investment LLC)	7100-000	NA	\$600,000.00	\$0.00	\$0.00
TOTAL GENERAL UNSECURED CLAIMS			\$770,000.00	\$10,326,161.56	\$4,065,166.16	\$750,391.36

Form 1

Individual Estate Property Record and Report
Asset Cases

Exhibit 8

Page: 1

Case No.: 2:18-bk-11152-SK

Trustee Name: (001960) Heide Kurtz

Case Name: KAI INDUSTRIES, LLC

Date Filed (f) or Converted (c): 02/01/2018 (f)

§ 341(a) Meeting Date: 02/19/2019

For Period Ending: 02/19/2020

Claims Bar Date: 04/29/2019

1 Asset Description (Scheduled And Unscheduled (u) Property) Ref. #		2 Petition/ Unscheduled Values	3 Estimated Net Value (Value Determined By Trustee, Less Liens, Exemptions, and Other Costs)	4 Property Formally Abandoned OA=§554(a) abandon.	5 Sale/Funds Received by the Estate	6 Asset Fully Administered (FA)/ Gross Value of Remaining Assets
1	Turnover of Chapter 11 Bank Account	1,040,642.77	1,040,642.77		1,040,642.77	FA
1	Assets Totals (Excluding unknown values)	\$1,040,642.77	\$1,040,642.77		\$1,040,642.77	\$0.00

Form 1

Individual Estate Property Record and Report Asset Cases

Exhibit 8

Page: 2

Case No.: 2:18-bk-11152-SK

Case Name: KAI INDUSTRIES, LLC

For Period Ending: 02/19/2020

Trustee Name: (001960) Heide Kurtz

Date Filed (f) or Converted (c): 02/01/2018 (f)

§ 341(a) Meeting Date: 02/19/2019

Claims Bar Date: 04/29/2019

Major Activities Affecting Case Closing:

Case Converted to Chapter 7 from Chapter 11 per Order of 1-17-19.

Heide Kurtz was the Chapter 11 Trustee (appointed 9-6-18) and has filed the Ch 11 Trustee Final Report on 3-8-19 along with the 1019 report. In the Chapter 11, the Debtor's Real Property was sold by the DIP. The turnover of the bank account in the Ch 7 (Asset 1) in the amount of \$1,040,642.77 was primarily from the net proceeds (disputed) being held by escrow from the sale of the real Property in the Ch 11. Per the U.S. Trustee Handbook, only the assets to be administered upon the time of conversion are included in the Form 1. Therefore, this is the sole asset in the case.

The asset of the estate was the multi-unit commercial building located at 15855, 15859, 15805, 15825 Edna Place, Irwindale, California 91706 (the "Property"). Prior to the Trustee's Chapter 11 appointment, the Property was sold for \$5,500,000. As a result of the sale of the Property, which closed on or about June 22, 2018, net sale proceeds in the approximate sum of \$1,004,559.23 were generated, subject to the alleged lien of a junior trust deed holder, Juva Investments, LLC. Ch 11 Trustee Kurtz has converted the case to a Ch 7.

Per Order of 4-4-19, the Ch 7 Trustee obtained the waiver of the Juva lien in the sum of \$600,000, plus the disallowance of approximately \$2,200,000 in unsecured claims (including the reduction of a claim filed by Sam Leslie, Trustee for the estate of Vanessa Ly - Debtor's partner and mother to his children BK 16-22420 SK) against the Estate. Therefore as of 4-4-19, all estate funds are unencumbered.

Claims:

Many claims were disputed and objected to in this case during the Ch 7 mostly as connected to the Vanessa Ly BK case. Successful objections and compromises reducing claims amounts were obtained for Claims 9, 16, 17, 18, 19 and 20. The overall claim filed amount of these claims was \$5,793,205 and the aggregate reduction obtained resulted in an allowed claims amount of \$2,982,209 plus the waiver of the \$600,000 secured Juva claim.

Professional and Trustee Fees:

The Trustee is NOT requesting fees for her work in the Chapter 11 case as the DIP sold the Property and as the Trustee converted the case after 4 months. The Trustee resolved the outstanding lien and claims issues in the "7". As Ch 7 Trustee, the Trustee is requesting the statutory amount of \$54,469.28 in fees.

The Ch 11 Debtor's attorney, Louis Esbin, has filed a fee application requesting approval for fees and expenses in the aggregate amount of \$122,381.75 less \$17,000 held by Debtor attorney. The Trustee has filed an objection for the Esbin fees incurred (\$10,835) for work performed after she was appointed the Chapter 11 Trustee on 9-6-18.

Asset Notice, Set Bar Date Filed 1-22-19, Claims Bar Date Issued 4-29-19

Request for Court Costs Filed 6-6-19

Notice to Pay Court Costs Issued 6-6-19 / \$0

Notice to Professionals to File Fee Apps Filed 7-25-19

Levene Neale Bender Yoo & Brill Employment Approved to Continue in the Ch. 7 Converted Case Per Order of 1-17-19

Hahn Fife & Company, LLP Employment Approved to Continue in the Ch. 7 Converted Case Per Order of 1-17-19

Tax Issues: Don Fife, CPA retained for estate tax returns and to analyze (capital gains) tax implications for real property sale. Tax returns were filed with taxing agencies after approval of 9019 Compromise Motion and were submitted to the taxing agencies on 7-18-19. Tax Clearance letters are not issued for LLC's.

Initial Projected Date Of Final Report (TFR): 01/17/2022

Current Projected Date Of Final Report (TFR): 09/05/2019 (Actual)

Form 2

Exhibit 9

Page: 1

Cash Receipts And Disbursements Record

Case No.: 2:18-bk-11152-SK

Trustee Name: Heide Kurtz (001960)

Case Name: KAI INDUSTRIES, LLC

Bank Name: Mechanics Bank

Taxpayer ID #: **-***4632

Account #: *****5400 Checking

For Period Ending: 02/19/2020

Blanket Bond (per case limit): \$5,000,000.00

Separate Bond (if applicable): N/A

1	2	3	4		5	6	7
Trans. Date	Check or Ref. #	Paid To / Received From	Description of Transaction	Uniform Tran. Code	Deposit \$	Disbursement \$	Account Balance
01/28/19	{1}	Kai Industries, LLC	Turnover of Ch 11 Bank Account (Conversion Order of 1-17-19).	1129-000	1,040,642.77		1,040,642.77
01/30/19	101	International Sureties	Bond Premium Payment Per LBR 2016-2/Bond #016030867	2300-000		700.08	1,039,942.69
11/06/19	102	HEIDE KURTZ, TRUSTEE	Distribution payment - Dividend paid at 100.00% of \$54,469.28; Claim # FEE; Filed: \$54,469.28 Per Order of 11-5-19	2100-000		54,469.28	985,473.41
11/06/19	103	Heide Kurtz	Distribution payment - Dividend paid at 100.00% of \$133.78; Claim # TE; Filed: \$133.78 Per Order of 11-5-19	2200-000		133.78	985,339.63
11/06/19	104	HAHN FIFE & COMPANY, LLP	Distribution payment - Dividend paid at 100.00% of \$12,390.00; Claim # ; Filed: \$12,390.00 Per Order of 11-5-19	3410-000		12,390.00	972,949.63
11/06/19	105	HAHN FIFE & COMPANY, LLP	Distribution payment - Dividend paid at 100.00% of \$343.20; Claim # ; Filed: \$343.20 Per Order of 11-5-19	3420-000		343.20	972,606.43
11/06/19	106	LEVENE NEALE BENDER YOO & BRILL	Distribution payment - Dividend paid at 100.00% of \$41,613.50; Claim # ; Filed: \$41,613.50 Per Order of 11-5-19	3210-000		41,613.50	930,992.93
11/06/19	107	LEVENE NEALE BENDER YOO & BRILL	Distribution payment - Dividend paid at 100.00% of \$1,543.78; Claim # ; Filed: \$1,543.78 Per Order of 11-5-19	3220-000		1,543.78	929,449.15
11/06/19	108	Franchise Tax Board	Distribution payment - Dividend paid at 100.00% of \$800.00; Claim # 21; Filed: \$800.00 / Tax ID #90-0764632	2820-000		800.00	928,649.15
11/06/19	109	United States Trustee	Distribution payment - Dividend paid at 100.00% of \$650.00; Claim # 23; Filed: \$650.00 Per Order of 11-5-19	2950-000		650.00	927,999.15
11/06/19	110	Louis J. Esbin	Distribution payment - Dividend paid at 85.37% of \$116,226.00; Claim # ; Filed: \$119,196.00 Per Order of 11-5-19	6210-160		99,226.00	828,773.15
11/06/19	111	Louis J. Esbin	Distribution payment - Dividend paid at 100.00% of \$3,797.25; Claim # ; Filed: \$3,797.25 Per Order of 11-5-19	6220-170		3,797.25	824,975.90
11/06/19	112	HAHN FIFE & COMPANY, LLP	Distribution payment - Dividend paid at 100.00% of \$18,564.00; Claim # ; Filed: \$18,564.00 Per Order of 11-5-19	6410-000		18,564.00	806,411.90
11/06/19	113	HAHN FIFE & COMPANY, LLP	Distribution payment - Dividend paid at 100.00% of \$47.60; Claim # ; Filed: \$47.60 Per Order of 11-5-19	6420-000		47.60	806,364.30
11/06/19	114	LEVENE NEALE BENDER YOO & BRILL	Distribution payment - Dividend paid at 100.00% of \$48,840.00; Claim # ; Filed: \$48,840.00 Per Order of 11-5-19	6210-000		48,840.00	757,524.30
11/06/19	115	LEVENE NEALE BENDER YOO & BRILL	Distribution payment - Dividend paid at 100.00% of \$797.28; Claim # ; Filed: \$797.28 Per Order of 11-5-19	6220-000		797.28	756,727.02

Page Subtotals: \$1,040,642.77 \$283,915.75
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Form 2

Exhibit 9

Page: 2

Cash Receipts And Disbursements Record

Case No.: 2:18-bk-11152-SK **Trustee Name:** Heide Kurtz (001960)
Case Name: KAI INDUSTRIES, LLC **Bank Name:** Mechanics Bank
Taxpayer ID #: **-*4632 **Account #:** *****5400 Checking
For Period Ending: 02/19/2020 **Blanket Bond (per case limit):** \$5,000,000.00
Separate Bond (if applicable): N/A

1	2	3	4		5	6	7
Trans. Date	Check or Ref. #	Paid To / Received From	Description of Transaction	Uniform Tran. Code	Deposit \$	Disbursement \$	Account Balance
11/06/19	116	INTERNAL REVENUE SERVICE	Distribution payment - Dividend paid at 100.00% of \$1,157.45; Claim # 2P; Filed: \$1,157.45 / Tax ID #90-0764632	5800-000		1,157.45	755,569.57
11/06/19	117	FRANCHISE TAX BOARD	Distribution payment - Dividend paid at 100.00% of \$5,178.21; Claim # 3P; Filed: \$5,178.21 / Tax ID #90-0764632	5800-000		5,178.21	750,391.36
11/06/19	118	INTERNAL REVENUE SERVICE	Distribution payment - Dividend paid at 18.46% of \$23,197.58; Claim # 2U; Filed: \$23,197.58 / Tax ID #90-0764632	7100-000		4,282.05	746,109.31
11/06/19	119	FRANCHISE TAX BOARD	Distribution payment - Dividend paid at 18.46% of \$1,758.98; Claim # 3U; Filed: \$1,758.98 / Tax ID #90-0764632	7100-000		324.69	745,784.62
11/06/19	120	Sam S. Leslie, as trustee for Vanessa Ly c/o Dumas & Kim, APC.	Distribution payment - Dividend paid at 18.46% of \$2,982,209.60; Claim # 9; Filed: \$4,733,905.00	7100-000		550,487.79	195,296.83
11/06/19	121	Minzhi Li and Ketty Choui	Distribution payment - Dividend paid at 18.46% of \$60,000.00; Claim # 10; Filed: \$60,000.00	7100-000		11,075.43	184,221.40
11/06/19	122	Kang Chu Jeu	Distribution payment - Dividend paid at 18.46% of \$66,000.00; Claim # 12; Filed: \$66,000.00	7100-000		12,182.98	172,038.42
11/06/19	123	888 Exotic Car Inc & Top Credit Corp	Distribution payment - Dividend paid at 18.46% of \$900,000.00; Claim # 13; Filed: \$900,000.00	7100-000		166,131.52	5,906.90
11/06/19	124	Rene Zavala	Distribution payment - Dividend paid at 18.46% of \$32,000.00; Claim # 14; Filed: \$32,000.00	7100-000		5,906.90	0.00

COLUMN TOTALS	1,040,642.77	1,040,642.77	\$0.00
Less: Bank Transfers/CDs	0.00	0.00	
Subtotal	1,040,642.77	1,040,642.77	
Less: Payments to Debtors		0.00	
NET Receipts / Disbursements	\$1,040,642.77	\$1,040,642.77	

Form 2

Exhibit 9
Page: 3

Cash Receipts And Disbursements Record

Case No.: 2:18-bk-11152-SK **Trustee Name:** Heide Kurtz (001960)
Case Name: KAI INDUSTRIES, LLC **Bank Name:** Mechanics Bank
Taxpayer ID #: **_***4632 **Account #:** *****5400 Checking
For Period Ending: 02/19/2020 **Blanket Bond (per case limit):** \$5,000,000.00
Separate Bond (if applicable): N/A

TOTAL - ALL ACCOUNTS	NET DEPOSITS	NET DISBURSEMENTS	ACCOUNT BALANCES
*****5400 Checking	\$1,040,642.77	\$1,040,642.77	\$0.00
	\$1,040,642.77	\$1,040,642.77	\$0.00